

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

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UNITED STATES - RESTRICTIONS ON IMPORTS OF
CERTAIN SUGAR-CONTAINING PRODUCTS

Recourse to Article XXIII:2 by Canada

The following communication, dated 26 February 1985, has been received from the Permanent Mission of Canada, with the request that it be circulated to contracting parties.

The Canadian authorities are seriously concerned over the recent action by the United States to impose quantitative restrictions on imports of certain sugar-containing products, such as sweetened cocoa, pancake flour and other flour mixes, and other edible preparations such as unbaked frozen pastries, croissants and individually packaged prepared meals. These restrictions were imposed without advance consultations under a Presidential Proclamation of 28 January 1985, pursuant to section 22 of the United States Agricultural Adjustment Act.

The import restrictions threaten severe hardship for individual Canadian producers, jeopardize long-established trade relationships in the products affected and will result in plant closures and loss of employment. The Canadian authorities consider that benefits accruing to Canada under GATT are being impaired by these United States import restrictions affecting a wide range of manufactured grocery products.

The Canadian authorities note that pursuant to a Decision by the CONTRACTING PARTIES, the United States obligations under Articles II and XI are waived to the extent necessary to allow for actions required to be taken by the United States under section 22 of the Agricultural Adjustment Act. It will be recalled that the waiver was granted: (a) on the basis of assurances that the United States Government "will discuss proposals under section 22 with all countries having a substantial interest prior to taking the action"; and (b) on condition that the United States will notify contracting parties which have made representations providing particulars of import restrictions and reasons for them. The Canadian authorities also note that the CONTRACTING PARTIES declared that the waiver Decision shall not preclude the right of affected contracting parties to have recourse to the appropriate provisions of Article XXIII.

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Consultations between Canada and the United States, pursuant to Article XXIII:1 of the General Agreement, were held 12 February 1985, but have not resulted in a satisfactory adjustment of the matter. Having regard to the immediate and damaging effect of the United States restrictions on Canadian trade and employment, and the failure of the United States to observe the conditions of the waiver, the Canadian authorities request the CONTRACTING PARTIES:

- (a) to establish, on an urgent basis, a panel pursuant to the provisions of Article XXIII:2 to examine the matter; and,
- (b) to authorize Canada immediately to suspend the application to the United States of concessions or other obligations in order to restore the balance of concessions pending a decision on the panel's findings and recommendations.